

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 2130 – HB 2356**

March 19, 2014

**SUMMARY OF ORIGINAL BILL:** Creates a new Class A misdemeanor for establishing, promoting, or operating a pyramid promotional scheme. The court may assess a civil penalty of \$10,000 per violation per person.

**FISCAL IMPACT OF ORIGINAL BILL:**

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (014748):** Deletes all language after the enacting clause and rewrites the bill. Clarifies that “appropriate inventory repurchase program” applies when a salesperson’s business relationship with the company ends and applies to inventory purchased by the salesperson for resale.

Removes exemption of digital goods or services accessed over an online portal from definition of “current and marketable.”

Requires compensation to be primarily derived from the introduction of other persons into the plan or operation rather than from the sale and consumption of goods, services, or intangible property.

Prohibits participants in pyramid scheme from being prosecuted unless the person knowingly establishes, promotes, or operates a pyramid promotional scheme.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- It is assumed that the proposed legislation will not significantly impact the caseloads of the courts, district attorneys, or public defenders.
- Based on the Fiscal Review Committee’s 2008 study of incarceration costs and fines, collection of fines for felony offenses is negligible. There will not be a significant increase in revenue as a result of the mandatory minimum fines for these offenses.

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/trm